

July 31, 2026

1 Day Reminder: Morningstar Indexes Fixed Income Annual Market Classification Review

Changes under consideration

As part of Morningstar Indexes' annual fixed income market classification review, one country has been identified as a potential candidate for a change in market classification. If adopted, this change would affect the eligible universe for the Morningstar Fixed Income Indexes. Additional countries have been placed on our watchlist for potential reclassification in the 2027 review. Full details including the countries reviewed and their status are included in this consultation.

Morningstar Indexes is seeking feedback on the proposed changes outlined below.

Markets under review

- **South Korea** – Potential reclassification to Developed Market from Emerging Market

Markets on our watchlist

- **Bermuda** – Potential reclassification to Emerging Market from Unclassified
- **Bosnia and Herzegovina** – Potential reclassification to Unclassified from Emerging Market
- **El Salvador** – Potential reclassification to Unclassified from Emerging Market
- **Ecuador** – Potential reclassification to Unclassified from Emerging Market
- **Gabon** – Potential reclassification to Unclassified from Emerging Market

Classification and eligibility criteria

Morningstar Indexes classifies countries into two major classifications: Developed and Emerging. In order for countries to be eligible for inclusion in the Morningstar Emerging Market Bond Indexes, a country must be classified as Emerging. Countries not meeting the criteria for Developed or Emerging status are considered “Unclassified.”

Assignment of Developed or Emerging classification status for the Morningstar Fixed Income Indexes is determined following a detailed review of a range of quantitative and qualitative factors. Such factors include (but are not limited to):

- Sovereign credit rating and credit rating of securities
- World Bank income classification
- IMF economy classification
- Published auction schedule
- Adequate size and liquidity of index-eligible securities
- Regulatory environment and investor accessibility

Markets under review

The table below outlines the country that is under review for potential reclassification in the 2026 review.

Country	Potential reclassification (Current classification)	World Bank / IMF Classification	Sovereign Rating	Eligible Outstanding* (USD Millions, May 29, 2026)	Potential Impact
South Korea	Developed (Emerging)	High / Advanced	AA	Sovereign: \$ 9,125 M Corporate: \$ 28,553 M	South Korea would be removed from the Morningstar

					Emerging Market Bond Indexes and would be considered for inclusion in the Morningstar Global Core Bond and Global Treasury Bond Indexes
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Refer to appendix for complete listing of Morningstar Indexes Fixed Income country classifications

*Eligible outstanding: the amount of outstanding debt that under the proposed classification would have been eligible and included in certain indexes as of May 29, 2026.

Eligible outstanding will vary each month according to market issuance. Depending on market issuance and meeting other eligibility criteria, issuers from the above markets may or may not have eligible securities in the Emerging Markets indexes.

Submit your responses and questions

Responses to this consultation can be submitted [here](#).

General questions about the consultation may also be sent to indexes@morningstar.com.

Key dates

- **Consultation:** The consultation will be open for response from June 3, 2026, to August 3, 2026.
- **Decision announcement:** Final decisions will be announced by August 31, 2026.

- **Implementation:** Changes will be implemented as of the October 2026 portfolios.

Consultation questions

Please answer the below questions and provide your feedback and reasoning:

1. Should South Korea be reclassified as a Developed Market from Emerging Market?
 - a. Yes
 - b. No
2. Please provide any additional comments regarding South Korea's potential reclassification.
3. If Morningstar Indexes reclassifies South Korea as a developed market and subsequently excludes this market from the Emerging Market Bond Indexes, should it be eligible for inclusion in other flagship indexes such as the Morningstar Global Core Bond and Global Treasury Bond Indexes?
 - a. Yes
 - b. No
 - c. Other, please explain.
4. Should Morningstar Indexes consider any other countries for reclassification?

Appendix 1: Market Classification Status (Current)

Country	Current Market Classification	Country	Current Market Classification
Afghanistan	Unclassified	Belize	Unclassified
Aland Islands	Unclassified	Benin	Unclassified
Albania	Unclassified	Bermuda	Unclassified
Algeria	Unclassified	Bhutan	Unclassified
American Samoa	Unclassified	Bolivia	Unclassified

Andorra	Unclassified	Bonaire St. Eust. Saba	Unclassified
Angola	Unclassified	Bosnia and Herzegovina	Emerging Market
Anguilla	Unclassified	Botswana	Unclassified
Antigua and Barbuda	Unclassified	Bouvet Island	Unclassified
Argentina	Emerging Market	Brazil	Emerging Market
Armenia	Emerging Market	Brit. Indian Ocean Terr.	Unclassified
Aruba	Unclassified	British Virgin Islands	Unclassified
Australia	Developed Market	Brunei	Unclassified
Austria	Developed Market	Bulgaria	Emerging Market
Azerbaijan	Emerging Market	Burkina Faso	Unclassified
Bahamas	Unclassified	Burundi	Unclassified
Bahrain	Emerging Market	Cambodia	Unclassified
Bangladesh	Emerging Market	Cameroon	Unclassified
Barbados	Unclassified	Canada	Developed Market
Belarus	Unclassified	Cape Verde	Unclassified
Belgium	Developed Market	Cayman Islands	Unclassified
Central African Republic	Unclassified	El Salvador	Emerging Market

Chad	Unclassified	Equatorial Guinea	Unclassified
Channel Islands	Unclassified	Eritrea	Unclassified
Chile	Emerging Market	Estonia	Developed Market
China	Emerging Market	Ethiopia	Unclassified
Christmas Island	Unclassified	Falkland Islands	Unclassified
Cocos (Keeling) Islands	Unclassified	Faroe Islands	Unclassified
Colombia	Emerging Market	Fiji	Unclassified
Comoros	Unclassified	Finland	Developed Market
Congo (Dem. Rep. of the)	Unclassified	France	Developed Market
Congo (Rep. of)	Unclassified	French Guiana	Unclassified
Cook Islands	Unclassified	French Polynesia	Unclassified
Costa Rica	Emerging Market	French Southern Terr.	Unclassified
Croatia	Emerging Market	Gabon	Emerging Market
Cuba	Unclassified	Gambia	Unclassified
Curacao	Unclassified	Georgia	Emerging Market
Cyprus	Emerging Market	Germany	Developed Market
Czech Republic	Emerging Market	Ghana	Emerging Market
Denmark	Developed Market	Greece	Emerging Market
Djibouti	Unclassified	Greenland	Unclassified

Dominican Republic	Emerging Market	Grenada	Unclassified
Dominica	Unclassified	Guadeloupe	Unclassified
Gibraltar	Unclassified	Guam	Unclassified
Ecuador	Emerging Market	Guatemala	Emerging Market
Egypt	Emerging Market	Guernsey	Unclassified
Guinea	Unclassified	Kuwait	Emerging Market
Guinea-Bissau	Unclassified	Kyrgyzstan	Unclassified
Guyana	Unclassified	La Reunion	Unclassified
Haiti	Unclassified	Laos	Unclassified
Heard & McDonald Islands	Unclassified	Latvia	Unclassified
Honduras	Emerging Market	Lebanon	Unclassified
Hong Kong	Developed Market	Lesotho	Unclassified
Hungary	Emerging Market	Liberia	Unclassified
Iceland	Developed Market	Libya	Unclassified
India	Emerging Market	Liechtenstein	Unclassified
Indonesia	Emerging Market	Lithuania	Developed Market
Iran	Unclassified	Luxembourg	Developed Market
Iraq	Unclassified	Macau	Unclassified
Ireland	Developed Market	Macedonia	Unclassified

Isle of Man	Unclassified	Madagascar	Unclassified
Israel	Emerging Market	Malawi	Unclassified
Italy	Developed Market	Malaysia	Emerging Market
Ivory Coast	Emerging Market	Martinique	Unclassified
Jamaica	Emerging Market	Mauritania	Unclassified
Japan	Developed Market	Mauritius	Unclassified
Jersey	Unclassified	Mayotte	Unclassified
Jordan	Emerging Market	Mexico	Emerging Market
Kazakhstan	Emerging Market	Micronesia	Unclassified
Kenya	Emerging Market	Moldova	Unclassified
Kiribati	Unclassified	Monaco	Unclassified
Mongolia	Unclassified	Papua New Guinea	Unclassified
Montenegro	Unclassified	Paraguay	Emerging Market
Montserrat	Unclassified	Peru	Emerging Market
Morocco	Emerging Market	Philippines	Emerging Market
Mozambique	Unclassified	Pitcairn	Unclassified
Myanmar	Unclassified	Poland	Emerging Market
Namibia	Emerging Market	Portugal	Developed Market
Nauru	Unclassified	Puerto Rico	Unclassified
Nepal	Unclassified	Qatar	Emerging Market

Netherlands Antilles	Unclassified	Romania	Emerging Market
Netherlands	Developed Market	Russia	Unclassified
New Caledonia	Unclassified	Rwanda	Unclassified
New Zealand	Developed Market	Saint Barthelemy	Unclassified
Nicaragua	Unclassified	Saint Helena	Unclassified
Niger	Unclassified	Saint Kitts and Nevis	Unclassified
Nigeria	Emerging Market	Saint Martin	Unclassified
Niue	Unclassified	Saint Pierre & Miquelon	Unclassified
Norfolk Island	Unclassified	Samoa	Unclassified
North Korea	Unclassified	San Marino	Unclassified
Norway	Developed Market	Sao Tome and Principe	Unclassified
Oman	Emerging Market	Saudi Arabia	Emerging Market
Pakistan	Emerging Market	Senegal	Emerging Market
Palau	Unclassified	Serbia	Emerging Market
Palestine	Unclassified	Seychelles	Unclassified
Panama	Emerging Market	Sierra Leone	Unclassified
Singapore	Developed Market	Timor-Leste	Unclassified
Sint Maarten	Unclassified	Togo	Unclassified

Slovakia	Developed Market	Tokelau	Unclassified
Slovenia	Developed Market	Tonga	Unclassified
S. Georgia & S. Sand Isl.	Unclassified	Trinidad and Tobago	Emerging Market
Solomon Islands	Unclassified	Tunisia	Unclassified
Somalia	Unclassified	Turkey	Emerging Market
South Africa	Emerging Market	Turkmenistan	Unclassified
South Korea	Emerging Market	Turks and Caicos Islands	Unclassified
South Sudan	Unclassified	Tuvalu	Unclassified
Spain	Developed Market	U.S. Minor Outlying Isl.	Unclassified
Sri Lanka	Emerging Market	Uganda	Unclassified
St. Vincent & Grenadines	Unclassified	Ukraine	Unclassified
St. Lucia	Unclassified	United Arab Emirates	Emerging Market
Sudan	Unclassified	United Kingdom	Developed Market
Suriname	Unclassified	United States	Developed Market
Svalbard and Jan Mayen	Unclassified	Uruguay	Emerging Market
Swaziland	Unclassified	Uzbekistan	Emerging Market
Sweden	Developed Market	Vanuatu	Unclassified

Switzerland	Developed Market	Vatican City	Unclassified
Syria	Unclassified	Venezuela	Unclassified
Tajikistan	Unclassified	Vietnam	Emerging Market
Taiwan	Emerging Market	Virgin Islands	Unclassified
Tanzania	Unclassified	Wallis & Futuna	Unclassified
Thailand	Emerging Market	Western Sahara	Unclassified
Yemen	Unclassified	Zimbabwe	Unclassified
Zambia	Unclassified		

About Morningstar Indexes

Morningstar Indexes was built to keep up with the evolving needs of investors—and to be a leading-edge advocate for them. Our rich heritage as a transparent, investor-focused leader in data and research uniquely equips us to support individuals, institutions, wealth managers and advisors in navigating investment opportunities across major asset classes, styles and strategies. In February 2026, the acquisition of CRSP brought the CRSP Market Indexes—benchmarks for over \$3 trillion in US equities—into the Morningstar Indexes family. Additionally, CRSP's Research Data Products, renowned for their academic rigor, historical depth and accuracy, will further enhance Morningstar's equity research and data capabilities. This integration unites two trusted sources of market insight, reinforcing a shared commitment to transparency, quality, and investor-focused solutions. Please visit indexes.morningstar.com for more information.

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Contact Us

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